

TESTIMONY

**Delivered by Richard J. Corcoran
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Before the Aging Committee

March 4, 2014

SUPPORT: SB 244 - AN ACT INCREASING HOME CARE PROVIDER RATES.

Good morning Senator Ayala, Representative Serra and honorable members of the Aging Committee.

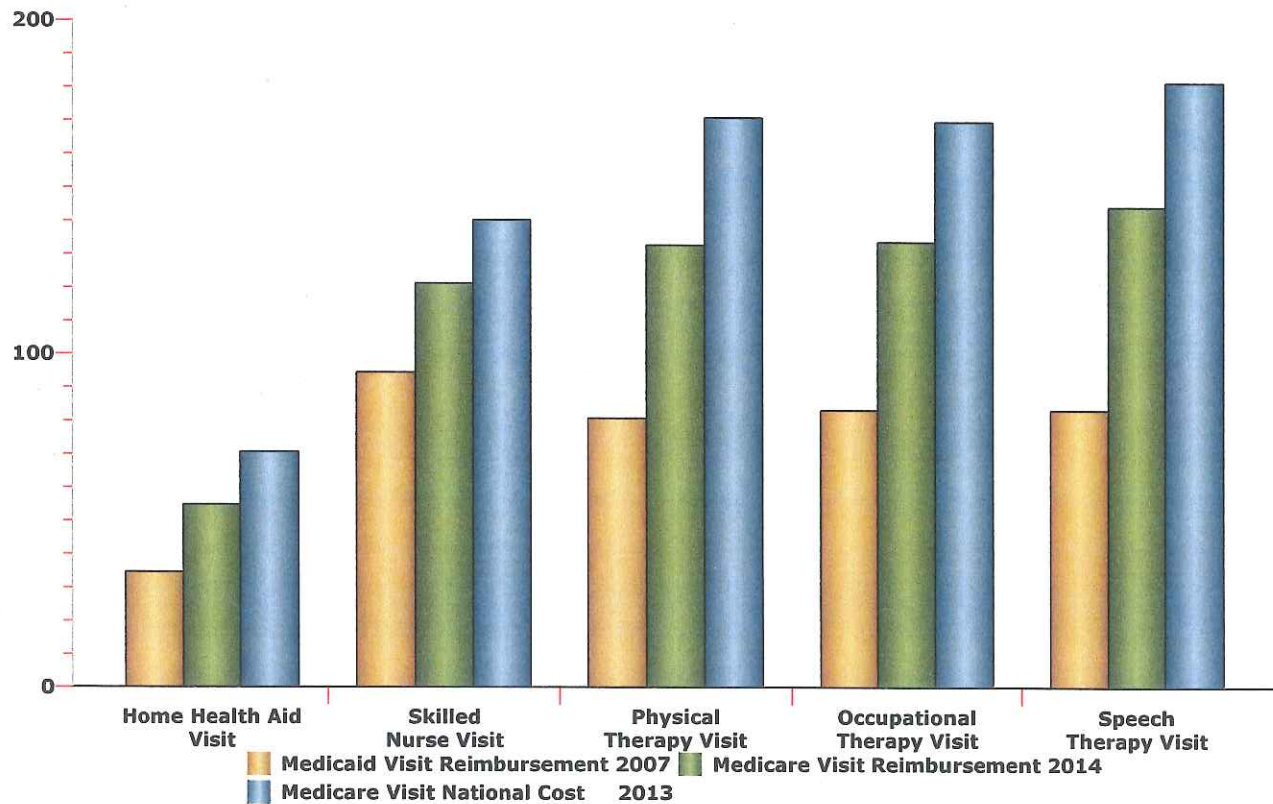
My name is Richard Corcoran, Chief Business Officer and CFO of VNA Community Healthcare, Inc.

Our home health care agency serves almost 7,000 patients annually residing in Old Saybrook to Derby to Middletown and we employ nearly 600 people. We make more than 1,000 home visits per day. Our main office is in Guilford, and we have a branch office in Hamden, and several caregiver and community resource centers in Old Saybrook, East Haven and North Haven. This includes patients served by the Connecticut Home Care Program for the Elders.

■ **Medicaid Rates vs. Medicare Rates**

- ✓ Medicaid rates are currently 58% to 78% of CY 2014 federal Medicare per-visit rates. Reference is made to Federal Register Vol.78, No.231, page 72279 dated December 2, 2013. Another way to view it is that Medicare rates are 28% to 73% higher than Medicaid rates for the same services.
- ✓ Current Medicaid rates in CT run 45% to 67% **of actual costs** (as determined by Medicare) of skilled services, depending on the specific service provided. This analysis does not include regional adjustments for wage mix variances. Please refer to chart for comparison.

Home Health Care Services \$ Reimbursement Rates Medicaid vs. Medicare



▪ **Medicaid Rates vs. Cost of Services**

- ✓ We can no longer provide most of the Homemaker and Companion services needed under the Connecticut Health Care Program for the Elders due to the very low reimbursement for the service and the increasing costs to provide these services.
- ✓ Considering all home care services provided to Medicaid patients, our agency is currently **reimbursed \$.73** cents for every dollar of service cost, before any overhead is considered, and **only \$.59 cents** after allocation of overhead to the services provided

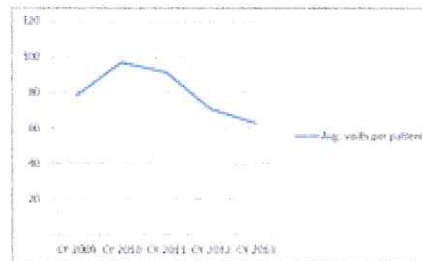
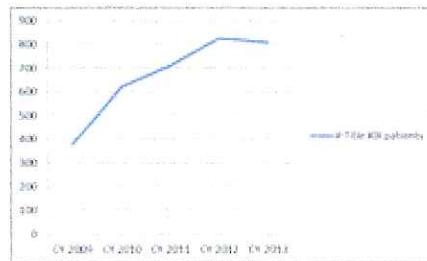
▪ **Situation Analysis**

- ✓ No rate increases since 2007
- ✓ Some home health care agencies do not or are reluctant to accept Medicaid patients, or will minimize the number of Medicaid patients accepted.
- ✓ Medicare will no longer be the way to subsidize the Medicaid rates - CMS will be cutting Medicare episodic rates by 14% over the next 3-4 years
- ✓ Caring for the Medicaid population is essential to reducing overall health care costs.
- ✓ Home Health Care agencies will not be able to sustain the losses on the Medicaid program. The safety net for the Medicaid population is fragile
- ✓ State Innovation Model & Dual Eligible Project will need support and a provider network

▪ **Considerations**

- ✓ Incrementally increase Medicaid rates to minimum % (e.g. 75%) of the Federal Medicare Rates for years 2014, 2015, 2016 (Medicare per-visit rates)
- ✓ Require all Home Health Agencies to accept Medicaid patients if Medicare certified and licensed in CT
- ✓ We need the financial resources to properly manage this **dramatically growing population** in the years ahead

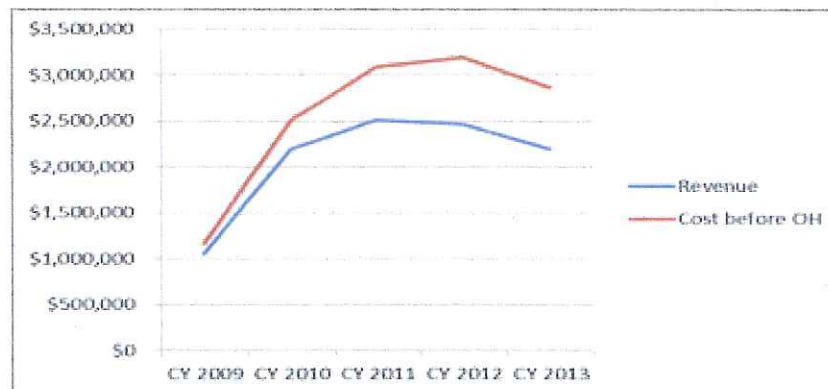
Patients and Visits



- # Title XIX patients served continues to increase while average # visits continues to decrease to minimize loss

BESIDE YOU AT EVERY TURN

Revenue vs. Cost



- Gap between overall cost and revenue is widening - cost up from +10% over revenue in 2009 to +30% in 2013

BESIDE YOU AT EVERY TURN